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SUBJECT: RUSSIAN ELITES AHEAD OF RULING PARTY CONFERENCE

Classified By: Political M/C Alice G. Wells: 1.4 (b, d).

¶1. (C) Summary: A cross-section of establishment analysts and Putin critics approach the ruling party's December 17 convention convinced that it is time for liberals, the Kremlin, and the West to come to grips with the changed political landscape following the December 2 Duma elections. With traditional liberalism in its death throes, they posit a need for the Kremlin to reform itself and reverse a pendulum that has swung too far in favor of state authority, with the West forced to confront the reality of Putin's popularity and the limits of western criticism. While there is talk of intra-party reform, a recommitment to market reforms, and an endorsement of party debate at the convention, it's difficult to foresee the additional "surprises" hinted at by Putin, given his preemptive endorsement of Medvedev for the presidency on December 10. End Summary

Challenges posed by Liberalism's Defeat

¶2. (C) Despite the election day irregularities, reported upon widely in the Russian print media and internet, establishment analysts and even critics of the government argue that liberals, the Kremlin, and the West all need to move on and come to grips with the decisive Putin win and new political landscape. Liberals, Ekho Moskvyy Editor Aleksey Venediktov argued, will have to recognize that their brand-name parties cannot be reconstituted and their 90's-era leaders are "spent forces." The ruling party, he noted, successfully usurped the platform of economic liberalism, leaving opposition parties that traditionally championed market reform (SPS) saddled with the public's neuralgia over anything associated with the 1990's period of transformation and deprivation. A former adviser to Gorbachev, Aleksandr Tsipko agreed, describing those liberals championed by the

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West as "foreigners in their own country" and a "subculture of perestroika," whose disdain of Russian patriotism and the resurgence of Russian Orthodoxy alienated them from the public. Nonconformism, editor of the independent Nezavisimaya Gazeta Konstantin Remchukov concluded, was decisively rejected by Russia's middle class.

¶3. (C) Surprisingly, many saw the defeat of traditional liberals as creating a new challenge for the Kremlin, which will have to be sensitive to the approximately ten million "disenfranchised" voters (i.e., those who cast votes for opposition parties that did not cross the threshold into the Duma) and alert to the changing expectations of the average Russian. Tsipko, who lectures across Russia, underscored that the value placed on "freedom" remains very high, with university students and the Kremlin-sponsored Nashi youth supporters surprisingly critical of Putin's policies. Ruling party loyalists are sensitive to the charge that the pendulum has swung too far, with Duma Constitutional Committee

Chairman Pligin among those arguing (along lines similar to the presidential candidate Dmitriy Medvedev) that an over-reliance on state capitalism is dangerous and needs to be checked by a more activist Duma. Indeed, at the December 11 session of the Chamber of Trade and Industry, Putin himself underscored that he had no intention to create state capitalism and gave his support to a slow transition into private hands, once those companies become more competitive on world markets. Kremlin-loyal analyst and Public Chamber member Andrannik Migranyan joked that the Kremlin had made a liberal out of him: while the re-establishment of state authority was essential, it had gone too far. Because liberals were marginalized and preoccupied with their internecine battles with one another, Migranyan posited that reform would have to come from within the ruling party.

14. (C) The challenge for the West, this group of analysts told us, was to appreciate Putin's popularity, the indifference of the Russian voter to the western critique of the Kremlin, and the need to define priorities in the bilateral relationship. Remchukov, who faces continuing GOR pressure in the wake of the arrest of his deputy editor, nevertheless stressed that Putin is the most popular of any G8 leader: "the Russian people voted with their heart." Efforts by the West to influence Russian internal politics, he stressed, would fail and be greeted with extreme cynicism. Pligin, whose image as a ruling party liberal does not diminish his loyalty to the Kremlin, took exception to the U.S. criticism of the Duma elections, arguing that Russians wanted and voted for a stable and economically developed country. Their "deep patriotism" and "real stress" over the role of Russia in the world and its neighborhood were factors that played a significant role in Putin's win. Remchukov and others urged the U.S. to prioritize its relations; while differences should be expressed, battles should be chosen carefully.

Reform Starts in the Ruling Party

15. (C) Ruling party moderates are hoping for intra-party reforms to be jump-started at the December 17 conference, which is expected to be dominated by the formal nomination of Medvedev as presidential candidate. Pligin told us that the party needed to move beyond being a vehicle for bureaucrats and businessmen, and to develop a coherent, ideological identity. While the political tack during the Duma elections had been leftward, with populist gestures and sops to pensioners, Pligin said United Russia would have to re-stake its claim to market reforms and to broaden the space for political debate. Pligin's partner in generating reform proposals, Expert Editor Valeriy Fadeyev, said strengthening the party would be a key instrument in ensuring the evolution of other democratic institutions. According to Fadeyev and Remchukov, one measure under consideration is a party commitment to open debate until a final decision is reached (perhaps in an overt move to overcome Duma Speaker Gryzlov's oft-quoted and -derided statement that "the Duma is not a place for discussion"). While many are predicting a significant cabinet reshuffle, Venediktov insists that it will occur in the New Year, once the constellation around Medvedev becomes clearer.

Any Convention Surprises?

16. (C) While Putin hinted to the Mexican Ambassador at a recent accreditation ceremony to expect more surprises at the United Russia party conference, it's difficult to predict what other pronouncements might trump his December 10 selection of Medvedev as designated heir. Party leaders want Putin and/or Medvedev to join United Russia (and would welcome a splashy December 17 announcement), ending the tradition of Russia's leaders being disassociated from the putative vehicles that bring them to power and perhaps heralding an evolution to Duma-endorsed appointments of prime ministers. Just Russia leader Aleksandr Babakov told us that, while desirable over the long-term, Russia was not ready for this democratic leap yet. Several analysts

speculated that Putin might reiterate his call for constitutional changes, lengthening the presidential term from four to five years and delinking the Duma and presidential elections, but those would hardly be earth-shaking. He has ruled out publicly the redistribution of powers between the president and prime minister. The prospect of multiple Kremlin candidates running for the presidency has receded with Putin's firm endorsement of Medvedev, which has been echoed by the three mini-parties of power (Just Russia, Civil Forces, and Agrarian Party).

¶7. (C) One other possible, but smaller surprise would be a large-scale re-shuffling of the party cadres. The United Russia website announced that the congress would deal with questions of staffing -- the "rotation" of cadres in the General Committee, as well as the leadership of regional contingents -- and the appointment of head of the party's Duma faction and Speaker. Although the party leadership is recommending Boris Gryzlov hold those offices, the possibility exists for "liberals" like Pligin and others to take on a more prominent role.

Comment

¶8. (C) The Embassy will attend the United Russia conference on Monday, which kicks off in the late afternoon and wraps up by early evening. No one discounts Putin's ability to surprise, but as we move through the formal processes leading to the certification of potential presidential candidates by December 23, the room for maneuver is narrowing.

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